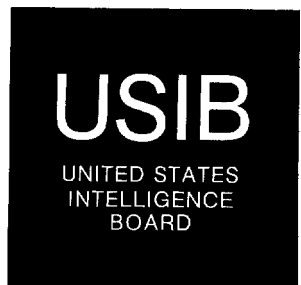


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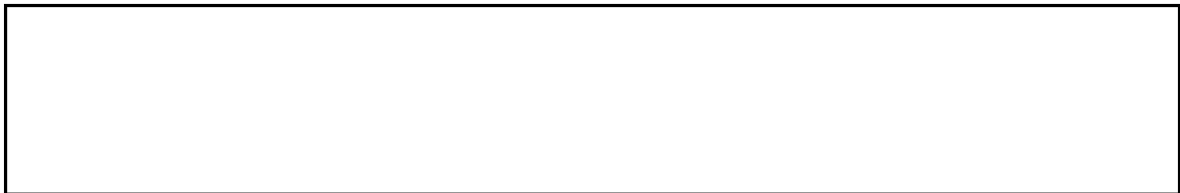
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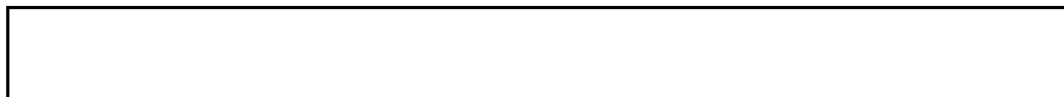
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NIGERIA-ANGOLA

Nigeria's military leaders reportedly have decided to provide non-military aid to the Luanda-based Popular Movement for the Liberation of Angola regime. Lagos recognized the regime last month in reaction to South Africa's much publicized support for the Movement's rivals.

A Popular Movement delegation led by the prime minister of the Luanda regime, Lopo de Nascimento, recently visited Lagos and met with Head of State Brigadier Muhammed. The Nigerian government later released a statement pledging Nigeria's moral and material support for the Popular Movement until "victory over racists and their imperialistic supporters" is won. Nascimento, on returning to Luanda, told reporters that the talks laid the "political foundations" which could lead to the conclusion of agreements with Nigeria in the economic, commercial, and technical training fields.

Apparently the Popular Movement delegation explored the possibility of Nigerian military assistance as well. The ruling 22-man Supreme Military Council reportedly has decided, however, that Nigeria would not provide troops under any foreseeable circumstances, nor any military equipment for now. Foreign Minister Garba has also stated publicly that his government does not foresee at this stage any possible involvement of its troops in Angola.

Despite its support for the Popular Movement, Nigeria apparently still holds out some hope for the formation of a government of national unity as a way of ending the fighting inasmuch as no one Angolan group can claim a majority of popular support. Nigerian delegations currently are touring all African capitals to explain Nigeria's position on Angola and to exchange views on how to stop the fighting in Angola.

The Nigerians recognize that a major obstacle to a political solution is the intransigence of the Popular Movement itself. By providing appreciable aid, Lagos may hope to gain greater leverage with Popular Movement leaders and thereby encourage them to adopt a more accommodating attitude toward a political settlement. It seems unlikely, however, that the Popular Movement could be persuaded to become any more forthcoming.

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Lagos may also see economic aid as a way of enabling the Popular Movement to resist Soviet domination. The Nigerians regard the Popular Movement leaders, for all their Marxist rhetoric, as pragmatic African nationalists who will not willingly foster a client state relationship with the Soviet Union. The extensive Soviet involvement in Angola on the Popular Movement's behalf deeply concerns the Nigerians, and Lagos reportedly is determined to do what it can to prevent the Popular Movement from becoming irretrievably mortgaged to Moscow.

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USSR

The Soviets yesterday outlined a five-year plan for 1976-80 that commits the country to lower, more realistic goals, according to most of the indicators made available.

The highest targets are in the agricultural sector: investment is to be further increased, and the annual grain harvest is set close to the record level. Thrift, efficiency, and quality of production are stressed, and there is little encouragement for the consumer to expect anything more than a gradual increase in the standard of living. This was foreshadowed in the 1976 plan announced earlier this month.

The new plan figures highlight the following increases projected over the five-year period:

--Agriculture--14-17 percent versus 37-40 percent originally planned for 1971-75. The goal for grain is set at 215-220 million metric tons a year, a harvest achieved only once before. The already heavy investment program in agriculture will be further emphasized, rising from 131 billion rubles in 1971-75 to 172 billion rubles in 1976-80.

--Industry--35-39 percent versus 47 percent originally planned in 1971-75. Heavy industry is to grow by 38-42 percent and light industry by 30-32 percent. The 1976-80 plan thus continues the midterm reversal of the current plan, which had promised to accelerate the production of consumer goods faster than that of producer goods.

--National Income (roughly comparable to the Western concept of gross national product)--24-28 percent compared with 39 percent originally set for 1971-75.

--Wages--16-18 percent for salaried workers, with earnings of collective farmers to increase by 24-27 percent in line with the current policy of reducing the discrepancy between the two groups.

--Foreign Trade--30-35 percent in volume, roughly comparable to the increase planned for 1971-75.

The 1976-80 preview, while acknowledging the negative impact on the economy caused by weather-connected harvest failures, criticized production shortfalls and other shortcomings in the non-agricultural sectors as well. The report also carried a formulation that made official the 1975 harvest figure of 137 million tons, which had been derived from a statement made earlier this month.

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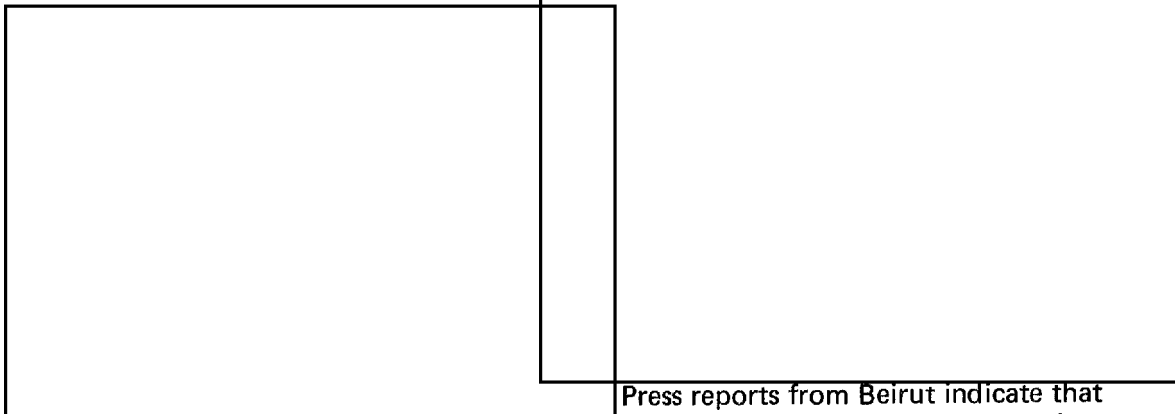
LEBANON

Heavy fighting continued in Beirut over the weekend. Radical leftist forces under the control of Ibrahim Qulaylat yesterday continued their efforts to drive Christian militiamen from the Holiday Inn, the last Phalangist foothold in the hotel district. The Phalangists have denied leftist claims that they are surrounded and claim that their forces are advancing into the nearby Jewish quarter, which changed hands twice last week.

According to a press report, the leftists on Saturday offered to withdraw from the hotel and commercial areas if the Phalangists and Lebanese army units in the two areas were replaced by internal security forces. A Phalangist official reportedly described the leftist proposal as a "political maneuver" and insisted that the army remain in position.

Fighting also continued in other areas of the country. Muslim and Christian forces clashed in the Tripoli-Zagharta area, and fighting continued in Zahle. Christians in the Baalbek area were reportedly attacked by Muslims in retaliation for attacks last week by Phalangists.

The failure of the latest cease-fire—announced Friday—to take hold is due at least in part to the inability of the Palestine Liberation Organization to exercise control over radical Muslim elements.

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Press reports from Beirut indicate that Damascus may itself again be attempting to find a political solution. Former prime minister Abdullah Yafi, a traditional Muslim leader, flew to visit Damascus over the weekend after meeting with Karami. Other reports indicate that leftist leader Kamal Jumblatt has been summoned to the Syrian capital. This activity may be in preparation for another attempt by Syrian Foreign Minister Khaddam to mediate the crisis. According to press reports, Khaddam is scheduled to visit Beirut early this week, perhaps today.

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EC-GREECE-TURKEY

The EC is making good progress on Greek accession but faces new difficulties in its relationship with Turkey.

A favorable EC Commission opinion on Greek membership is virtually assured, even though some delay is being caused by the number of Commission officials who want to put forth their ideas on the philosophy underlying the expansion of the EC. The technical work is going smoothly. A favorable decision in principle on Greek membership seems likely next March or April.

The next step will be to draw up a negotiating mandate. If the Commission and all nine member states participate in the negotiations, as is likely, the mandate can be fairly general and could be ready in September. Athens is so eager for an accord that the Greeks have indicated they may not even cause problems in the touchy area of meeting EC requirements on farm trade. Negotiations will nevertheless take at least a year, and must be followed by ratification of the member states and the Greek parliament.

Progress toward Greek accession will accentuate EC problems with Turkey, which is concerned about what precise political and economic advantages Greece will derive from accession. The Turks are already worried by an erosion of Turkey's benefits under its association agreement with the EC, and a group of businessmen will visit Brussels next week to discuss the problem. In the first six months of 1975, Turkey's exports to the EC fell 40 percent, while imports from the EC rose 45 percent. The remittances of Turks working in Europe have fallen about 7 percent this year.

The issue of Turkish workers in Europe is likely to pose an especially difficult problem. Ankara believes the ten-year period under the association agreement for a gradual granting of free movement of Turkish workers to the Community must be reduced. It wants the Turks to be given the same rights as nationals of the EC Nine in the shortest possible time. The Greeks will have these rights with accession.

A few Turks already question whether Ankara might gain more economic and political advantages by closer relations with Middle Eastern countries rather than with the EC.



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WEST GERMANY - PORTUGAL

West Germany reportedly has decided to give the Portuguese air force six G-91 jet trainers. According to the US defense attache in Bonn, the story appeared in the press during the first week of December, when the decision reportedly was made. An article in the December 12 edition of *Die Welt* discussed the transfer, and added that five Portuguese pilots would be trained by the Luftwaffe at no cost.

The G-91s, now being phased out of the West German air force, offer Bonn a cheap but effective means of providing military security assistance to a NATO ally in need. The gift is another example of Bonn's efforts to cultivate relations with the Portuguese, and particularly the military, with an eye toward influencing developments in Lisbon. Last week, the West Germans signed an agreement under which they will grant Portugal about \$27 million in capital aid.

The G-91 is an old but reliable trainer and light ground-attack aircraft that will be a welcome addition to Portugal's obsolete air force. The US defense attache in Lisbon reported in early October that the air force's pilot-training program has been suffering because of a lack of flyable training aircraft.

The G-91s should not only help improve Portuguese air force morale, but will also strengthen the position of anti-Communists who wish to re-establish strong military ties with NATO.

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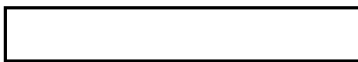
CHINA-UK

London recently informed the US that it intends to sell Peking 50 Rolls Royce Spey 202 engines—the engine used in the British version of the F-4 Phantom fighter—and to pass on the technology necessary to manufacture the engines.

The sale is the result of negotiations over the past three to four years between the two countries. Objections to the sale have previously been made by the US within the Coordinating Committee on Trade with Communist Countries, but the US will not try to block the sale. The Soviets also have complained in the past through diplomatic channels.

London, however, is determined to proceed with the sale, believing that the Chinese gain is not great since they would gain only two or three years in the development of a similar engine. Additionally, London believes that the sale will not significantly effect the strategic balance and that the technology to be transferred is not new or unique. The UK stated that the engine being sold is only a more powerful version of the Spey 512, which powers the Trident aircraft already in the Chinese civil air fleet.

The acquisition of this engine and the related technology will, however, give the Chinese an advanced technology base for future systems and shorten the development time for certain advanced weapons systems. The elimination of deficiencies in some current Chinese programs will represent a considerable savings.



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ANNEX**China's Tachai Campaign**

China has undertaken a massive campaign aimed at achieving major increases in agricultural production.

The new campaign, which has come to dominate Chinese press and radio and shape much of the activity on the political and economic scene, appears at this early stage to be a greater effort to galvanize the countryside than any since the ill-fated great leap forward of 1958-1959.

Learn from Tachai

The campaign is being carried out under the banner, "Learn from Tachai." Tachai is the name of a poor production brigade in a commune in Shansi Province. It was held up ten years ago as a model for the nation for the great strides that it had made in increasing production without state aid.

The new campaign is essentially an effort built on the Tachai experience, to use China's human resources to provide irrigation and drainage to a much larger area of land. The goal is to extend these facilities to one third of China's counties by 1980.

If this can be done, China could be producing agricultural surpluses by 1980. Chinese leaders have repeatedly pointed to the importance of such a surplus to their long-term goal of modernizing China's industry, defense, science, and technology.

The blueprint of the Tachai campaign was approved at a national conference on agriculture convened in September, attended by most of China's top leaders. Since then domestic media have focused almost exclusively on Tachai-related activities.

In Vice Premier Hua Kuo-feng's speech at the meeting as well as in the media after the meeting, the Tachai campaign has been placed on a par with the land reform and agricultural collectivization movements of the 1950s. A Chinese official in Hong Kong recently went so far as to describe the campaign as a "historical turning point for China."

The concepts involved in the campaign are not new but are a blending and modifying of past agricultural policies. Tachai counties will be subsidized, at least in part, from Peking's coffers. In this respect the current movement is similar to a program during the mid-1960s that channeled state investment into limited areas offering the greatest potential for quick, cheap, and secure returns.

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There is, however, an important difference. Under the earlier program the state absorbed most of the expenses, whereas under the Tachai concept the state will pay only a small share of the costs.

The rest will have to come from the mobilization of agricultural labor for such things as the construction of water control projects, the digging of wells, and the leveling and terracing of land. The Chinese press is again stressing the importance of not relying on the state for financial aid.

Another, but lesser campaign—the dictatorship of the proletariat—is in part aimed at ensuring that enough labor will be available for these collective activities. Permissive policies introduced in late 1970 that relaxed controls over private activities in the countryside have apparently gotten out of hand, and Peking is now cracking down in an effort to channel energies back into collective activities.

The Tachai campaign's emphasis on better performance from rural party workers—particularly at the county level—is no doubt related to concerns about private enterprise and corruption in the countryside. More ambitious agricultural goals would, in any event, have called forth a tightening of the rural party apparatus.

In an apparent effort to increase the quality of leadership in the countryside, urban party workers are being sent down to work alongside their rural colleagues. The New China News Agency recently reported that more than one million cadres in 12 provinces have gone to the villages.

"Basic Mechanization"

If the new program is to succeed, productivity of rural laborers will have to be raised. To this end, "basic mechanization" has been singled out for special emphasis. By "basic mechanization" the Chinese mean the use of machinery to supplement labor during peak farming seasons.

Hua Kuo-feng has said that mechanization of tilling, drainage, irrigation, and transportation would amount to a doubling of China's rural labor force. China, despite its millions, does suffer acute seasonal shortages of farm labor caused by increasing the scale of multiple cropping and construction projects.

An effort of the magnitude of the Tachai campaign is probably only possible because of the general strengthening of the party apparatus, which was crippled during the cultural revolution. The campaign's emphasis on tighter party discipline and better performance suggests that Peking not only expects to capitalize on the recent strengthening of the party apparatus but to further this process in the course of the campaign.

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This approach—and indeed the tenor of the Tachai campaign in general—is strongly reminiscent of the great economic campaigns of the mid-1950s and of the style and methods of Teng Hsiao-ping, who, together with Hua Kuo-feng, appears to be the major force behind the effort.

A Dependence on Weather

Can the goals of the admittedly ambitious Tachai campaign be attained?

One thing is clear: Chinese agriculture is still dominated by traditional, labor-intensive cultivation techniques and will continue to be so dominated despite accelerated investment in industries that support agriculture. Harvests will still depend on the weather.

Thus far, the Tachai campaign is emphasizing a sober, step-by-step approach and a strict accountability of lower to higher authority. But the scope of the campaign, the emotional undertone of the exhortations, the brake on material incentives, and the grandiose goals are all reminiscent of the great leap forward.

It is thus possible that the Tachai campaign could get out of hand, as did the great leap, the cultural revolution, and the anti-Confucius campaign. This would almost certainly ensure an eventual backlash and consequent retrenchment. The dominant leaders in Peking will guard against such a possibility.

If the Chinese can improve water management and supply the needed mix of manufactured items for agriculture, they could perhaps achieve rapid production increases by the end of the decade.

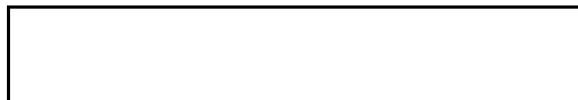
This would fall short of a real breakthrough, which would require substantial improvement in number and quality of China's corps of agricultural scientists. Peking reportedly has drawn up a new plan for education, but time is far too short for China to produce by 1980 anywhere near the number of scientists needed. This plan also ignores the time required for a concerted program of basic research to bear fruit.

The massive redirection of farm labor from private plots and sideline production to collective activities will be at the expense of the peasants' standard of living. If the campaign is conducted with a degree of restraint, the gains in the productivity of land over the long run will make these short-run costs worthwhile. If, on the other hand, new policies are carried out harshly, peasant morale will be adversely affected, the rural economy dislocated, and agricultural production reduced.

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